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YUGOSLAV TRADE RELATIONS WITH  
CZECHOSLOVAKIA AND HUNGARY REVIEWED

TRADE RELATIONS WITH CZECHOSLOVAKIA -- Borba, No 143, 18 Jun 49

The first trade agreement between the Yugoslav and Czechoslovak People's Republics, signed in 1945, called for exchanges of commodities worth 500 million dinars. In 1946 and 1947 the sum had risen to 1,500,000,000, in 1948 to 2,748,000,000, and in 1949 it fell to 1,560,000,000 dinars.

Every year Czechoslovakia has demanded more and more raw materials, especially nonferrous metals, regardless of the needs and interest of the Yugoslav economy. Czechoslovakia has not treated any other country with which it had trade relations in this way. In 1946 and 1947, raw materials and semi-finished goods made up 653,620,000 dinars' worth or 49 percent of actual Yugoslav exports, 1,810,000,000 dinars' worth or 75 percent in 1948, and, under the provisions of the proposed treaty for this year, 1,100,000,000 dinars' worth or 80 percent in 1949.

The majority of Yugoslav imports from Czechoslovakia consisted of finished industrial products (machinery, automobiles, textiles, light metal goods) coke, fireproof material, and chemicals. By means of Yugoslav exports, Czechoslovak industry was able to obtain foreign credit with which to purchase necessary articles from abroad and to increase production for home consumption.

The investment agreement concluded in 1947 ran for 5 years and represented a great contribution to Yugoslav electrification and industrialization. It was the first investment agreement to be concluded among socialistic countries. Yugoslavia initiated it. The agreement provided that Czechoslovak industry would deliver important equipment and machinery to Yugoslavia over a period of 5 years. Yugoslavia undertook to deliver a number of items, mainly raw materials and food products of high caloric value. The total value of deliveries from both parties was estimated at 7½ billion dinars.

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However, the Czech authorities adopted a hostile policy toward Yugoslavia, not only in negotiations but also in the case of deliveries, designed to keep Yugoslavia dependent. Certain parts for the automobile industry arrived in such poor assortment that some essential ones did not arrive at all, and the plan for assembling trucks could not be met. Unfinished products began to accumulate in Yugoslav factories. Czechoslovakia began to delay deliveries of other important materials, such as dielectric porcelain, locomotives, electric motors, excavators, and fireproof material.

Yugoslavia suffered particularly from delays in deliveries of goods provided for under the investment agreement, such as equipment for making cartons, transport equipment for mines, drill fittings, presses, excavators, pumps, etc. While exports of ore from Yugoslavia were increasing, transport machinery that would have increased the output of Yugoslav mines was delayed.

Yugoslav trade had been of great benefit to the Czechoslovak economy. Yugoslavia occupied third place in the total foreign trade of Czechoslovakia and in many items was that country's chief source of supply. In 1946 and 1947 Yugoslavia delivered minerals and metallurgical products worth 370 million dinars, 290 million dinars' worth in 1948, and was to have delivered 350 million dinars' worth in 1949, not counting deliveries under the investment agreement upon which no understanding was reached because of the attitude of the Czechoslovak government. If the amounts of goods Yugoslavia offered to Czechoslovakia during the last negotiations in Prague were counted, the figure would exceed 600 million dinars.

Yugoslavia has supplied Czechoslovakia with 20 percent of its requirements in copper, 50 percent in lead, and 60 percent in pyrites, and has also shipped iron ore, mercury, iron alloys, zinc, etc., besides industrial plants and foodstuffs.

Yugoslav imports from Czechoslovakia were 1.2 percent raw materials, 32.9 percent semifinished goods, and 65.8 percent finished goods, while Czechoslovak imports from Yugoslavia consisted of 62.1 percent raw materials, 12 percent semifinished, and 25 percent finished goods.

Since the Cominform Resolution, Czechoslovakia has adopted the policy of demanding Yugoslavia's most valuable products, i.e. nonferrous metals and other raw materials, for the sole benefit of Czechoslovakia, at the same time reducing Yugoslavia's ability to trade with other countries. Yugoslavia has endeavored to maintain ever-increasing trade relations with Czechoslovakia, with due regard for her own interests despite the situation created by the Cominform Resolution.

In the negotiations for the conclusion of a regular trade agreement for 1949, the Yugoslav delegation asked for an increase in the volume of exchanges, 2.7 billion dinars' worth each, while the Czechoslovak delegation insisted on only 1½ billion dinars' worth. Finally, an agreement was concluded at the latter figure. The proportion of nonferrous metals in the Yugoslav exports was increased, at the demand of Czechoslovakia, and, again on her demand, the proportion of rolled metals in Yugoslav imports was reduced.

In the agreement on Yugoslav deliveries under the investment agreement, the Yugoslav delegation accepted in its entirety the final proposal of the Czechoslovak delegation, which was acceptable but less favorable to Yugoslavia than its predecessors. The Yugoslav delegation asked only that delivery deadlines be observed.

However, soon after the agreements were signed, the Czechoslovak government declared an embargo on exports to Yugoslavia, allegedly because of the Yugoslav adverse balance of trade, which neither then nor later was in excess of the treaty provisions. Actually, Czechoslovakia has a favorable balance with a number of other countries, not only socialist but even capitalist (Great Britain 2½ billion crowns, Austria 381.6 million crowns, Rumania 101.8 million

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crowns, etc.), but has not taken such measures against any of these countries, even the capitalist countries. The embargo actually is a violation of the agreement, which forbids unilateral action.

On 7 June, delegations from Yugoslavia and Czechoslovakia met in Prague to eliminate interference with trade and to sign a protocol on Yugoslav investment deliveries. The Czechoslovak delegation made four unacceptable demands: (1) that a new list of Yugoslav deliveries under the investment agreement, submitted by the Czech delegation on 7 June, be accepted; (2) that Yugoslavia rescind her embargo on exports; (3) that the credit for contingencies be cancelled; and (4) that the Yugoslav delegation agree by 10 June to the list of Yugoslav deliveries submitted by the Czechoslovak delegation on 7 June. All these proposals were in violation of the terms of the agreement.

The proposed list of Yugoslav deliveries demanded six times more nonferrous metals than the Czech delegation had proposed in the last conversations in Belgrade and both delegations had accepted. The Czechoslovak delegation in Prague did not even expect this new proposal to be accepted.

The Yugoslav delegation consented to increase deliveries of nonferrous metals  $2\frac{1}{2}$  times over the figure agreed upon in the negotiations in Belgrade and agreed to discuss the new Czechoslovak proposal. The Czechoslovak delegation refused. The Czechoslovak delegation obviously did not desire an agreement, and Yugoslavia could not accept the Czechoslovak terms.

YUGOSLAV-HUNGARIAN TRADE RELATIONS -- Borba (Zagreb), No 143, 18 Jun 49

Tanjug has been authorized to make the following report in reply to the official communique on trade relations between Yugoslavia and Hungary issued on 14 June by the Hungarian Telegraphic Agency:

Commercial relations between the Hungarian and Yugoslav People's Republics began during the first half of 1946. The first regular trade agreement was concluded in 1946, and in 1947, on the initiative of Yugoslavia, an agreement on long-term Hungarian deliveries and Yugoslav offsetting deliveries and a treaty on economic cooperation in connection with aluminum industry were signed.

Yugoslav deliveries assured Hungarian industry of 50 percent of its requirements in iron ore, 50 percent of its wood imports (in addition, at the request of the Hungarian government, Yugoslavia delivered raw material for Hungarian sawmills), and 20 percent of its need in nonferrous metals.

To aid the restoration of Hungarian industry, Yugoslavia extended a noninterest-bearing credit in American dollars to Hungary as well as a non-interest-bearing credit of 6 million dollars in highly critical goods. "Elektro-Ganz," one of the largest Hungarian heavy industry enterprises, is known to have been restored and expanded by means of this credit.

On the explicit request of the Hungarian government, Yugoslavia consented to a noninterest-bearing credit to Hungarian industry of about 2.5 million dollars per month until the end of 1947 for payment for Yugoslav wood, in order to help Hungary through financial difficulties. Yugoslavia is now asking a credit of about 3 million dollars.

In 1948, Yugoslav exports to Hungary under all agreements, according to official Hungarian figures (Hungarian Economic Statistical Courier, January 1949), amounted to 1,265,026,500 dinars and imports to 10,893,250 dinars. Thus, in 1948, Yugoslavia occupied first place in Hungarian imports, while in Hungarian exports Yugoslavia occupied fourth place, after the USSR, Great Britain, and Czechoslovakia. However, according to documented Yugoslav figures, Yugoslav exports to Hungary in 1948 amounted to 1,519,184,315 dinars, and imports from Hungary to 579,391,622 dinars.

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Under the regular agreement of 1947, Yugoslavia fulfilled its obligations 100 percent, while Hungary failed to deliver 2,887,508 dollars' worth of goods, although Yugoslavia had paid 1,143,855 dollars of this in advance.

Under the regular treaty of 1948, both sides are delinquent by about 4 million dollars, as a result of the policy the Hungarian government adopted after the Cominform Resolution. Yugoslavia has paid 1,162,000 dollars in advance for which goods have not been received.

Under the agreement on long-term Hungarian deliveries and Yugoslav off-setting deliveries, Yugoslavia has made more efforts than necessary to pay for Yugoslav orders, although they were not to be completed until 1951.

Under the treaty for economic cooperation in connection with the aluminum industry, Yugoslavia paid 8.3 million dollars in goods and in free dollars and either charged or paid on account in other countries a sum of something over 3 million dollars.

Both delegations to the negotiations now in progress in Belgrade have agreed that Hungarian industry is making use of the noninterest-bearing credit of about 20 million dollars, in goods and foreign currency, made available to Hungary by Yugoslavia.

In the conversations now taking place in Belgrade, the Hungarian delegation has proposed, "in the interests of trade recovery," that no new agreement be signed, but that the existing terms be carried out, and that new trade conditions should evolve as individual cases arise. Since Yugoslavia has already paid for all the imports provided for under the existing terms, this means that Hungary proposes that there shall be no further commercial exchange, but only that Hungary shall deliver what Yugoslavia has already paid for under the existing agreement.

As the Yugoslav delegation has been unable to persuade the Hungarians to agree to any other solution, it has accepted the Hungarian proposal. However, the chief of the Hungarian delegation suddenly left Belgrade, and the tendentious and misleading communique of the Hungarian Telegraphic Agency appeared immediately thereafter.

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